

REPORT NO.

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East Germany

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Assessment of the Political Situation

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SUPPLEMENT TO
REPORT NO.

THIS IS UNEVALUATED INFORMATION

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SOURCE

1. Otto Grotewohl and Walter Ulbricht are engaged in a fight for the control of East Germany. Grotewohl will probably gain the upper hand and form a government composed of moderate elements including Hermann Kastner and similar men. Ulbricht on the other hand, will probably devote his self to the reorganization of the SED and pursue a ruthless course in domestic affairs, supported by Hilde Benjamin, Minister of Justice. Grotewohl and Ulbricht embody two different schools of thinking. Grotewohl is open to economic considerations and is still intent on establishing connections to the SPD. He is backed by Semenov, because Soviet Russia is interested in an economically strong East Germany, which would be in a position to make the deliveries desired. Since on the other hand, the USSR still needs the SED, which is very unpopular among the East German population, it will let Ulbricht's mission to purge the SED and to indoctrinate the remaining cadres in six to eight-week courses. However, the new economic policy is not to be interfered with by the SED.¹
2. Source believed that the possibility of free elections would be ruled out as long as the East German economy continued to function. If this should change, Moscow would probably lose any interest in East Germany and accept a proposal for free elections.²

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1. Comment. The existence of divergences between the lines followed by Grotewohl and Ulbricht is beyond doubt. However, it would probably be an overstatement to speak of a struggle for power in this connection. Their different attitudes may be the result of a secret agreement. However, they may also reflect a state of confusion and reveal the contradictions of a policy which is bent on a reorganization of the SED with a view to better control of the situation in East Germany on the one hand, and on the propagation of a more moderate course in the economic field on the other. It is believed that a popular-front government giving the bourgeois elements a greater share of control

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
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will not be formed before the SED has again become a reliable instrument and the unrest in the country has been overcome.

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2.  Comment. It seems that source overrates the importance of economic considerations in Moscow's plans.

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